DEPARTMENT OF ENVIRONMENT

FOREST FIRE CONTINGENCY FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

104-03857/

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

SASKATCHEWAN

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet e-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Forest Fire Contingency Fund as at March 31, 2003 and the statement of operations and changes in net financial assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In 2002, the Forest Fire Contingency Fund received a transfer of $40 million from the General Revenue Fund to pay for certain escaped fire fighting expenses and recorded this transfer as revenue in 2002. However, transfers should be recorded as revenue when the related eligible expenses are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded the transfer, the revenue from the General Revenue Fund for 2003 would have been increased by $33,994,798 (2002 – decreased by $33,994,798) and the excess of expenses over revenues for 2003 would have been decreased by $33,994,798 (2002 – excess of revenues over expenses decreased by $33,994,798). Also, deferred revenue at the year end would have been nil (2002 – increased by $33,994,798) and the net financial assets at the year end would have been nil (2002 – decreased by $33,994,798).

In my opinion, except for the effects of the failure to properly record the transfer from the General Revenue Fund as described in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 22, 2003

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

FOREST FIRE CONTINGENCY FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2003	2002
ASSETS		
Assets:		
Due from General Revenue Fund (Notes 3 and 4)	$ -	$ 33,994,798
	$ -	$ 33,994,798
LIABILITIES AND NET FINANCIAL ASSETS		
Net financial assets (Statement 2)	$ -	$ 33,994,798
	$ -	$ 33,994,798

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2003 Actual	2002 Actual
Revenues:		
General Revenue Fund transfer	$ -	$ 40,000,000
	-	40,000,000
Expenses:		
Aircraft Rental	10,206,087	1,834,416
Wages and Benefits	9,760,611	1,601,707
Equipment Rental	6,133,391	1,117,266
Materials and Supplies	3,880,671	552,852
Other Contractual Services	2,091,716	423,449
Aviation Fuel	1,528,770	378,733
Travel and Sustenance	389,915	94,949
Miscellaneous	3,637	1,830
	33,994,798	6,005,202
Excess of (expenses over revenues) revenues over expenses	(33,994,798)	33,994,798
Net financial assets, beginning of year	33,994,798	-
Net financial assets, end of year - to Statement 1	$ -	$ 33,994,798

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Purpose of the Fund

Section 8.1 of *The Prairie and Forest Fires Act, 1982* established The Forest Fire Contingency Fund (Fund) effective April 1, 2001. The Fund was established for the purpose of financing the expenses related to fighting wildfires in excess of 100 hectares in area. The Department of Environment administers the Fund. The Department charges the Fund all costs of fighting escaped fires including the costs that were incurred before the fire escaped.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Revenue

Revenue is recognized when grant amounts are transferred from the General Revenue Fund and eligibility criteria have been met.

3. Due From General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF). The Fund does not receive any interest from money on deposit with the GRF.

4. Financial Instruments

The fair value of the Fund's financial instrument, Due from General Revenue Fund, approximates its carrying value due to the immediate and short- term nature of this financial instrument.

5. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions, for the year, are as follows:

Expenses:	2003	2002
Other Contractual Services	$ 208,546	$ 271,199
Travel and Sustenance	135,015	-
Materials and Supplies	22,758	4,729
Equipment Rental	1,287	-
Aviation Fuel	242	-
	$ 367,848	$ 275,928

The Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

6. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from these financial statements.